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## **PCC: Merger review thresholds raised to P6B, P2.4B beginning March 1**

The Philippine Competition Commission (PCC) has adjusted the thresholds for compulsory notification of mergers and acquisitions (M&As) to take effect beginning March 1, 2020.

In a Commission Resolution issued on February 11, PCC raised the thresholds **from PHP 5.6 Billion to PHP 6 Billion** for the **Size of Person (SoP)** and from **PHP 2.2 Billion to PHP 2.4 Billion** for the **Size of Transaction (SoT)**.

PCC Memorandum Circular No. 18-001 issued in 2018 established the automatic annual adjustment of the merger thresholds based on the nominal gross domestic product (GDP) growth of the previous year rounded up to the nearest hundred millions. This ensures that the thresholds maintain their real value over time and relative to the size of the economy.

Based on official estimates from the Philippine Statistics Authority, the nominal GDP growth in 2019 stood at 6.8 percent.

This marks the third adjustment since the Philippine Competition Act was enacted in 2015 with a baseline threshold of PHP 1 Billion.

“Adjustment of the thresholds ensures that potentially anti-competitive M&As are subject to compulsory notification and review, while those that are less likely to pose competition concerns are excluded,” PCC Chairperson Arsenio M. Balisacan said.

“With the increase in thresholds streamlining the intake of notified cases, this will allow the Commission to efficiently use its resources towards other equally important elements of competition enforcement, including the conduct of cartel investigations, market monitoring and *motu proprio* merger review,” he added.

Meeting both SoP and SoT thresholds are considered triggers for entities to notify PCC of their transactions. SoP refers to the value of assets or revenues of the Ultimate Parent Entity of at least one of the parties, while SoT refers to the value of assets or revenues of the acquired entity.

Parties to a deal are required to notify the Commission within 30 days from signing of the definitive agreements.

To date, PCC has received a total of 207 transactions with a combined value of PHP 3.6 Trillion. The Commission approved 192 of them and blocked 1 deal. Last year, the top 5 most active sectors remained to be manufacturing, electricity and gas, finance and insurance, real estate, and transport and storage.

PCC has reviewed 43 notified transactions under the first thresholds adjustment (March 2018 to February 2019), and 30 notified transactions under the second thresholds adjustment (March 2019 to present).

The revised thresholds will apply to M&As with definitive agreements executed on or after March 1, 2020. They do not apply to M&As pending review by the Commission, notifiable transactions consummated before March 1, and transactions already subject of a decision by the Commission.

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